

AR47



Canadian Vickers  
Limited.

Annual Report  
November 1967





#### WHOLLY-OWNED SUBSIDIARIES

CANADIAN VICKERS INDUSTRIES LIMITED

CANADIAN VICKERS SHIPYARDS LIMITED

MONTREAL DIVISION

GEO. T. DAVIE DIVISION

MONTREAL SHIP REPAIRS LIMITED

#### ASSOCIATE COMPANIES

VICKERS KREBS LIMITED

NEWFOUNDLAND MARINE WORKS LIMITED

## CANADIAN VICKERS, LIMITED

### DIRECTORS

\*W. BHERER, Q.C., *Quebec, Que.*

J. M. BREEN, *Montreal, Que.*

\*F. H. BROWN, C.B.E., *Vancouver, B.C.*

\*C. L. DEWAR, O.B.E., *Montreal, Que.*

P. W. GOOCH, *Montreal, Que.*

\*J. ERIC HARRINGTON, *Montreal, Que.*

G. H. MACDOUGALL, *Montreal, Que.*

\*R. K. McCONNELL, *Toronto, Ont.*

HON. JEAN RAYMOND, M.L.C., Q.C., *Montreal, Que.*

J. A. REEKIE, *Montreal, Que.*

SIR LESLIE ROWAN, K.C.B., C.V.O., *London, England.*

A. SANKOFF, *Montreal, Que.*

\*A. P. WICKENS, *London, England.*

*\*Member of Executive Committee*

### OFFICERS

W. BHERER, Q.C., *Chairman of the Board*

J. ERIC HARRINGTON, M.E.I.C., *President and Chief Executive Officer*

L. L. LATREMOILLE, *Vice-President - Purchasing and Services*

JAMES M. PACKHAM, *Vice-President—Special Projects*

J. A. REEKIE, C.A.,

*Vice-President—Finance, Comptroller and Treasurer*

J. H. ROGERS, C.A., *Secretary*

### WHOLLY OWNED SUBSIDIARIES

#### CANADIAN VICKERS INDUSTRIES LIMITED

### OFFICERS

P. W. GOOCH, *President*

T. J. FARRELL, *Vice-President—Sales*

J. A. REEKIE, *Treasurer*

J. H. ROGERS, *Secretary*

#### CANADIAN VICKERS SHIPYARDS LIMITED

### OFFICERS

A. SANKOFF, *Executive Vice-President*

K. E. WOOD, *Vice-President*

J. A. REEKIE, *Treasurer*

J. H. ROGERS, *Secretary*



## TO THE SHAREHOLDERS

The Annual Report of your Company, including subsidiaries both wholly and partially owned, together with financial statements and the auditors' report is presented herewith.

Consolidated net losses for the year ended November 30, 1967 were \$6,571,106 compared to \$929,219 net profit in 1966. These losses have been mostly incurred in the Shipbuilding section of the Company's operations.

The institution of a new accounting procedure which takes into account all future losses immediately they are known rather than progressively towards completion of the contracts accounts for \$2.5 million of the reported loss.

A dividend of 25¢ per share was paid on January 15, 1967. This was reduced to 20¢ per share payable April 15, 1967. Dividends were omitted for the balance of the year. Future dividends can only be contemplated after both our net working capital and net worth positions have been restored to a satisfactory level.

During the year labour demands reached extreme levels accompanied by slowdowns in production in our two yards and a disastrous strike of nearly nine weeks in Montreal. The new wage agreement ending the strike amounts to nearly 30% increase over three years with 12% effective in 1967. As a result, the cost of material and labour has escalated at a much faster pace than could be reasonably foreseen when bidding on ships between 1964-66 and we must now pay a much higher price than contemplated to complete the contracts.

In view of the severe reduction of our working capital, your Company's financial resources have been under great pressure and we have been fortunate to have the full support and assistance of the majority shareholder, Vickers Limited, U.K., to back us in meeting our requirements.

Several important steps have been taken to improve Shipyard operations. Mr. A. Sankoff, formerly Vice-President Manufacturing of Industries division, is now fully responsible for our shipbuilding and ship repairing activities. His long experience and familiarity with our operations should prove invaluable in this position. A new Personnel Manager is now responsible for all matters pertaining to personnel policies of the Company, including negotiations and supervision of collective labour agreements.

Critical Path Methods in planning have been instituted and in operation for nearly a year and results are now being realized. Consultants have been brought in to advise on modern methods of production in the shops and to fully institute a sophisticated planning system. They will complete their assignment in June 1968. Increased productivity and consequential savings are expected from this programme allowing us in the future to benefit from new ship construction contracts obtained through competitive bidding.

More emphasis is being placed on Research and Development and progress has been made towards developing a line of our own company products. Patent rights were purchased on a flash drying process used in the pulp and paper industry and it is hoped to develop this market on a profitable basis.

Based on foreseeable results to be obtained with increased productivity in shipbuilding and a relatively high backlog of business on hand, 1968 should produce an appreciable improvement in the Company's financial position.

Since the last Annual Meeting several changes have been made in the composition of your Board of Directors and Officers.

On March 20th Mr. J. Eric Harrington, M.E.I.C., was appointed President and Chief Executive Officer of the Company and Mr. Wilbrod Bherer, Q.C., was appointed Chairman of the Board. The previous Report announced the intention of Mr. R. C. Pearse and Major-General A. E. Walford, C.B., C.B.E., M.M., E.D., to retire and their resignations have been accepted with regret.

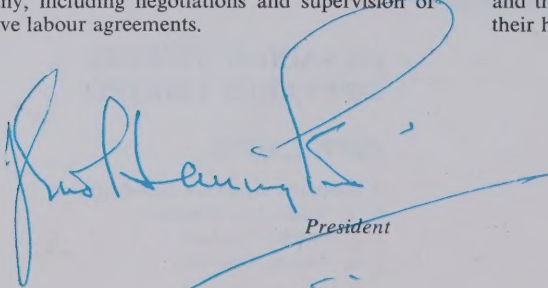
In June 1967, Mr. Gordon H. MacDougall, Assistant to the President of Shawinigan Chemicals Limited, was elected to your Board. Mr. MacDougall brings with him many years of experience in the chemical manufacturing field.

During the year Mr. J. A. S. Peck resigned as President of Canadian Vickers Shipyards Limited and as a director of Canadian Vickers Limited.

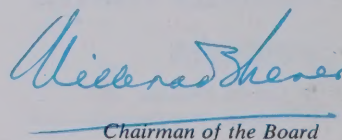
Mr. A. Sankoff, who was appointed Executive Vice-President and Chief Executive Officer of Canadian Vickers Shipyards Limited, has recently been elected a director of Canadian Vickers Limited.

Your Directors sincerely regret to report the death of Mr. Maurice Paquet, Executive Vice-President of Geo. T. Davie division. Mr. Paquet was regarded with the highest esteem and respect throughout the shipbuilding industry and his experience, counsel and administrative ability will be greatly missed.

During the past year the loyalty and efforts of our employees have contributed greatly in an endeavour to improve the operating effectiveness of the Company and the Directors take pleasure in thanking them for their help to the organization.



President



Chairman of the Board

## COMPARATIVE EARNINGS

<b>EARNINGS:</b>	<b>1967</b>	<b>1966</b>	<b>1965</b>	<b>1964</b>	<b>1963</b>
Before Taxes	\$ (7,391,953)	\$ 1,684,219	\$ 1,950,660	\$ 1,147,066	\$ 335,312
Income Taxes	( 820,847)	755,000	857,000	456,000	405,385
Net Profits (Losses)	(6,571,106)	929,219	1,093,660	691,066	(70,073)
Depreciation Provided from Earnings	1,169,552	1,118,907	957,814	899,971	541,324
<b>WORKING CAPITAL:</b>					
Current Assets	\$21,716,758	\$28,669,789	\$25,430,638	\$16,671,560	\$16,676,860
Current Liabilities	19,300,336	18,821,127	16,408,156	17,773,709	13,202,631
Net Working Capital	2,416,422	9,848,662	9,022,482	(1,102,149)	3,474,229
Ratio	1.13 to 1	1.52 to 1	1.55 to 1	.94 to 1	1.26 to 1
<b>COMMON STOCK:</b>					
Issued Shares	547,000	547,000	547,000	547,000	547,000
Earnings (Losses) per Share	\$ (12.01)	1.70	2.00	1.26	(.13)
Dividends Paid per Share	\$ .20	1.00	1.00	1.00	1.00
Equity Book Value	\$ 12.76	24.98	24.28	23.28	23.02
<b>MISCELLANEOUS:</b>					
Additions to Fixed Assets	\$ 687,007	\$ 858,992	\$ 1,083,319	\$ 5,228,935	\$ 1,898,538

## AUDITORS' REPORT

DELOITTE, PLENDER, HASKINS & SELLS  
CHARTERED ACCOUNTANTS

MONTREAL OSHAWA TORONTO HAMILTON  
WINDSOR WINNIPEG REGINA CALGARY  
EDMONTON PRINCE GEORGE VANCOUVER  
ASSOCIATED FIRMS IN UNITED STATES OF AMERICA, GREAT  
BRITAIN AND OTHER COUNTRIES THROUGHOUT THE WORLD.

SUN LIFE BUILDING  
MONTREAL 2, CANADA

To the Shareholders of  
Canadian Vickers, Limited:

We have examined the consolidated balance sheet of Canadian Vickers, Limited and its subsidiary companies as at November 30, 1967 and the consolidated statements of income and expenditure, earned surplus and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances, except that we did not examine the financial statements of a partially owned subsidiary company with respect to which we have been supplied a report of other auditors.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at November 30, 1967 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied, except for the change in the method of computing losses on contracts in progress as explained in Note 7 to the financial statements, on a basis consistent with that of the preceding year.

*Deloitte, Plender, Haskins & Sells*

January 12, 1968.

Auditors.





# CANADIAN VICKERS, LIMITED

(and its subsidiary companies)

## CONSOLIDATED

as at November 30, 1967

### ASSETS

		1967	1966
<b>CURRENT ASSETS:</b>			
Cash . . . . .		\$ 224,593	\$ 233,498
Deposits on tenders and duty:			
Cash . . . . .	\$ 146,029		
Government of Canada bonds, at cost			
(market value \$297,488) . . . . .	293,795	439,824	1,001,982
Accounts receivable, less allowance			
for doubtful accounts . . . . .		13,569,491	11,044,147
Inventories, valued at lower of cost or market . . . . .	2,008,795		
Work in progress at estimated sales value - (Note 7) . . . . .	66,940,716		
	68,949,511		
Less amounts invoiced . . . . .	62,234,123	6,715,388	15,636,649
Duty drawback claims receivable . . . . .		368,954	248,738
Prepaid expenses . . . . .		398,508	504,775
<b>TOTAL CURRENT ASSETS . . . . .</b>		<b>21,716,758</b>	<b>28,669,789</b>
<b>OTHER ASSETS:</b>			
Ships for resale, at cost . . . . .	1,803,491		
Less 9% mortgages — (Note 2) . . . . .	\$1,135,048		
Depreciation . . . . .	403,791		
	1,538,839		
	264,652		428,475
Refundable income taxes . . . . .	106,810		86,119
Sundry investments, at cost . . . . .	7,715		12,215
<b>TOTAL OTHER ASSETS . . . . .</b>		<b>379,177</b>	<b>526,809</b>
<b>FIXED ASSETS — (Note 1):</b>			
Land, dry docks, buildings and equipment . . . . .	27,598,923		27,068,084
Less accumulated depreciation . . . . .	17,081,325		16,289,914
<b>NET FIXED ASSETS . . . . .</b>		<b>10,517,598</b>	<b>10,778,170</b>
<b>TOTAL . . . . .</b>		<b>\$32,613,533</b>	<b>\$39,974,768</b>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- Fixed Assets:  
Assets acquired since 1941 have been valued at cost. In the year 1941 and prior some of the assets were valued at appraised values, but these do not represent a significant portion of the total.
- Debentures and Mortgages:  
The 5.75% Series A debentures due 1981 mature as follows:  

October 1, 1968 and 1969 —	\$275,000	1975 and 1976 —	\$400,000
1970 —	\$300,000	1977 and 1978 —	\$450,000
1971 —	\$325,000	1979 and 1980 —	\$500,000
1972 and 1973 —	\$350,000	1981 —	\$550,000
1974 —	\$375,000		

The 9% First mortgages on ships, due May 1, 1974, have repayment provisions of not less than \$75,000 per year in each of the next five years. The ships cannot be surrendered as settlement of the mortgage until the principal amount has been reduced to \$1,000,000.
- Deferred Credits:  
The company became liable in December 1967, for the taxes on

# BALANCE SHEET

(with 1966 figures for comparison)

## LIABILITIES

	1967	1966
<b>CURRENT LIABILITIES:</b>		
Bank loan for tender deposits . . . . .	\$ 33,720	\$ 250,470
Bank indebtedness — secured . . . . .	9,514,598	2,531,049
Short-term notes . . . . .	—	3,200,000
Accounts payable . . . . .	7,434,283	8,090,237
Dividend payable . . . . .	—	136,750
Taxes payable . . . . .	542,105	898,657
Debentures and mortgages due in 1968 — (Note 2) . . . . .	350,000	325,000
Advance payments on contracts . . . . .	1,425,630	3,388,964
<b>TOTAL CURRENT LIABILITIES . . . . .</b>	<b>19,300,336</b>	<b>18,821,127</b>
<b>OTHER LIABILITIES AND CREDITS:</b>		
Secured debentures, 5.75% Series A, due		
October 1, 1981 — (Note 2) . . . . .	5,225,000	5,500,000
Past-service pension cost, fundable over four years . . . . .	585,654	726,836
Deferred credits — (Note 3) . . . . .	941,213	1,823,380
<b>TOTAL OTHER LIABILITIES AND CREDITS . . . . .</b>	<b>6,751,867</b>	<b>8,050,216</b>
<b>MINORITY INTEREST: . . . . .</b>	<b>(420,409)</b>	<b>(558,820)</b>
<b>CAPITAL STOCK AND SURPLUS:</b>		
Capital stock — (Note 4):		
Authorized — 600,000 common shares of no par value		
Issued and fully paid — 547,000 shares . . . . .	2,695,000	2,695,000
Earned surplus . . . . .	4,286,739	10,967,245
<b>TOTAL CAPITAL STOCK AND SURPLUS . . . . .</b>	<b>6,981,739</b>	<b>13,662,245</b>
<b>Approved by the Board:</b>		
<b>W. BHERER, Director.</b>		
<b>J. ERIC HARRINGTON, Director.</b>		
<b>TOTAL . . . . .</b>	<b>\$32,613,533</b>	<b>\$39,974,768</b>

\$1,990,000 of recaptured depreciation from the sale of a ship. It is considered that the provision of \$941,213 is adequate to cover any potential tax liability which may result.

Accelerated depreciation had been claimed for tax purposes but not recorded in the books in 1966 and prior years, which resulted in income taxes of \$882,167 being deferred. It is the company's intention to reverse this procedure when filing its 1967 income tax returns.

4. Stock Options: Options expiring in 1969 permit the acquisition of 3,000 shares of the company's capital stock at \$20.00 per share.

5. Leases: Most of the Montreal plant and drydocks are situated on property leased from the National Harbours Board. The 40-year leases expire December 31, 2003. The annual rental is presently \$217,000, with provision for a review of rental rates to be made each five years.

The assets of Montreal Ship Repairs Limited are located on property owned by the St. Lawrence Seaway Authority. A renewal of one of the leases is under negotiation, but neither the amount nor the term is significant in overall operations.

6. Lawsuits:

Two actions have been taken, one against the company in the amount of \$521,715 and the other against the company and its employee's union in the amount of \$250,000. Management considers the liability, if any, which may result will be negligible.

7. Change in Valuation of Work in Progress:

It has previously been the company's practice to reflect in the accounts, profits and losses from contracts in proportion to the progress toward completion. This procedure with regard to contracts which are expected to result in a profit has been continued. Where losses are anticipated provision has been made for the expected losses as soon as they are recognized. This change in valuation of work in progress has resulted in the loss for the year being approximately \$2,578,000 greater than it would otherwise have been.

8. Dividend Restriction:

The Trust Deed of the Series A Debentures prohibits the payment of dividends while the Consolidated Net Working Capital is less than \$3,500,000, and the Consolidated Tangible Net Worth is less than \$12,000,000.



# CANADIAN VICKERS, LIMITED

(and its subsidiary companies)

## CONSOLIDATED STATEMENT OF

## INCOME AND EXPENDITURE

for the year ended November 30, 1967

(with 1966 figures for comparison)

	<u>1967</u>	<u>1966</u>
SALES PRODUCED . . . . .	<u>\$54,162,143</u>	<u>\$76,143,010</u>
OPERATING PROFIT (LOSS) FOR THE YEAR BEFORE TAKING INTO ACCOUNT THE ITEMS SHOWN BELOW . . . . .	<u>\$ (5,709,187)</u>	<u>\$ 3,476,385</u>
DEDUCT:		
Depreciation . . . . .	1,169,552	1,118,907
Directors' remuneration, including salaries of officers who are directors . . . . .	174,666	209,150
Debentures and mortgage interest . . . . .	439,926	410,412
Deferred income taxes — (Note 3) . . . . .	(882,167)	—
Provision for income taxes . . . . .	61,320	755,000
Interest earned . . . . .	(153,127)	(45,841)
Minority interest . . . . .	51,749	99,538
	<u>861,919</u>	<u>2,547,166</u>
NET PROFIT (LOSS) FOR THE YEAR . . . . .	<u>\$ (6,571,106)</u>	<u>\$ 929,219</u>

## CONSOLIDATED STATEMENT OF EARNED SURPLUS

for the year ended November 30, 1967

(with 1966 figures for comparison)

	<u>1967</u>	<u>1966</u>
BALANCE AT BEGINNING OF YEAR . . . . .	\$10,967,245	\$10,585,026
ADD:		
Net Profit (loss) for the year . . . . .	<u>(6,571,106)</u>	<u>929,219</u>
	4,396,139	11,514,245
DEDUCT:		
Dividends of \$0.20 (1966 - \$1.00) per share . . . . .	109,400	547,000
BALANCE AT END OF YEAR . . . . .	<u>\$ 4,286,739</u>	<u>\$10,967,245</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.



# CANADIAN VICKERS, LIMITED

(and its subsidiary companies)

## CONSOLIDATED STATEMENT OF

# SOURCE AND APPLICATION OF FUNDS

for the year ended November 30, 1967

(with 1966 figures for comparison)

	<u>1967</u>	<u>1966</u>
<b>FUNDS PROVIDED:</b>		
Net profit (loss) for the year . . . . .	\$(6,571,106)	\$ 929,219
Depreciation . . . . .	1,169,552	1,118,907
Sale of fixed assets . . . . .	16,850	47,588
Decrease in minority interest deficit . . . . .	138,411	91,471
Decrease of sundry investments . . . . .	4,500	36,500
<b>TOTAL FUNDS PROVIDED . . . . .</b>	<u>(5,241,793)</u>	<u>2,223,685</u>
<b>FUNDS APPLIED:</b>		
Purchase of fixed assets . . . . .	687,007	858,992
Dividends paid . . . . .	109,400	547,000
Payment of past-service pension . . . . .	141,182	141,183
Repayment of debenture and mortgages . . . . .	350,000	325,000
Refundable income tax . . . . .	20,691	86,119
Deferred income taxes . . . . .	882,167	(691,142)
Net investment in ships . . . . .	—	130,353
<b>TOTAL FUNDS APPLIED . . . . .</b>	<u>\$ 2,190,447</u>	<u>\$ 1,397,505</u>
<b>INCREASE (DECREASE) IN WORKING CAPITAL . . . . .</b>	<u><u>\$(7,432,240)</u></u>	<u><u>\$ 826,180</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

## HIGHLIGHTS

### CANADIAN VICKERS INDUSTRIES LIMITED

The volume of work produced was considerably less than the previous year primarily due to completion of the subway rolling stock. Early in the year the final deliveries were made of 374 units for the Montreal Metro. The cars operated under unusually severe service load conditions because of Expo '67 and provided very satisfactory service.

The installation of escalators and moving sidewalks for the Metro system has been completed except for a very small amount of work.

The City of Montreal has announced its intention to extend the Metro system in the near future and it is to be hoped that further orders for rolling stock will be secured.

The volume of sales and work produced in the machinery and plate field continued at a fairly high level. Competition in this field is severe and to secure orders and keep the shops operating, quotations at times must be marginal.

A number of important contracts for nuclear power plant work are in progress and additional orders have been received. Work is progressing satisfactorily on the first order of end shields for the Pickering Generating Station of the Ontario Hydro Electric Power Commission and a further order was received during the year. Hydro-Quebec placed a contract with us for the calandria vessel and thermal end shield assembly for their new nuclear power station at Gentilly, Quebec. Further orders for a number of heat exchangers for Atomic Energy of Canada Limited are progressing and work is well advanced on the fuelling machine carriages for the Rajasthan Atomic Power Plant in India. Also in India, the work on the trisonic wind tunnel for the Indian Government's National Aeronautical Laboratory at Bangalore is nearly completed. The assembly and erection of components for the new low speed wind tunnel at Uplands Airport in Ottawa is well advanced.

The building of gyratory and jaw crushers for Fuller-Traylor Limited continues to provide work in the mining field. For the pulp and paper industry a number of swimming rolls have been delivered to the Farrell Corporation and are in use in several mills. It is encouraging to note that this type of roll is gaining broad acceptance.

During the year an agreement was signed with Maroma Limited whereby the sole North American rights to manufacture and sell their fibre flash drying process were secured. It is expected this product line will find wide application in the pulp and paper industry.

The Company produced during the year major components for the United States Navy under the Canada-U.S. Defence Sharing Programme. Delivery of this important work was made on schedule.

Phase one of expansion of the main machine shop is now under way and will be completed early in 1968.

### CANADIAN VICKERS SHIPYARDS LIMITED

While all divisions of the Company were extremely busy, the results were more than disappointing. The strike referred to previously upset production schedules very seriously and the time lost was even greater than the actual duration of the strike. The Company tendered on a number of ships but was unsuccessful in obtaining new contracts. The backlog of work has decreased substantially and new ship enquiries are fewer.

Government support for shipbuilding has been reduced in that the subsidy on fishing vessels of 50% was reduced to 35%. The subsidy on commercial tonnage is 25% provided the vessel is delivered prior to May 31st, 1969 but this will be reduced to 17% by May 31st, 1972. Canadian subsidies have been reduced at a time when most other shipbuilding countries are increasing their subsidies by various means, either open or hidden.

The devaluation of the British pound by 14.3% improved the competitive position of British shipbuilders seeking business in the Canadian market. In addition, cutbacks of purchases of new tonnage were announced by the Canadian Government.

### Montreal Division:

During the fiscal year the C.C.G.S. "Louis S. St-Laurent" was launched on December 3rd, 1966, graciously sponsored by Mrs. Lester B. Pearson. Outfitting work proceeded throughout 1967 and the delivery of the world's most powerful conventionally powered icebreaker is scheduled for the autumn of 1968.

Construction work on the hull of a medium size icebreaker for the Department of Transport is proceeding with a launching scheduled in the spring of 1968. This icebreaker is for service in the Gulf of St. Lawrence and Eastern Arctic waters, and will represent the first application in the world of gas turbine electric propulsion for booster power, in an icebreaker.

Three stern trawlers were delivered to the Canadian Tuna Corporation.

On November 11th the stern section for a 30,000 ton upper laker for Scott Misener Steamships Limited, the third upper laker we have built for this owner, was launched. The bow section is now on the ways and delivery of the ship is scheduled for May, 1968.

A substantial volume of miscellaneous marine work is in hand. This consists mainly of sonar domes and rudders for naval vessels and for masts and derrick structures, all defence orders.

Ship repair activity was at a high level throughout 1967 with the dry docks well occupied throughout the season. The Cunarder, "Sylvania", docked for inspection and temporary repairs in June and is the largest vessel docked at the shipyard since it commenced operations in 1911.

### Montreal Ship Repairs Limited:

This Company enjoyed a busy and successful year.

### Geo. T. Davie Division:

New ship construction was very active throughout the year. Six stern trawlers were delivered to Atlantic Sugar Refineries Co. Ltd. as well as a tidal current survey vessel for the Department of Energy, Mines and Resources. For reasons common to the Canadian shipbuilding industry, enquiries for new ships are scarce and the only order received during the year was for a 130 foot side trawler for St. Lawrence Sea Products Company.

To meet delivery requirements it has been necessary to transfer the building of two stern trawlers for Atlantic Sugar Refineries Company to this division from Newfoundland Marine Works Limited.

A very serious loss was incurred on 1967 operations, mostly on the tidal current survey vessel, C.S.S. "Dawson". A portion of the loss can be attributed to slowdowns during the four months of labour negotiations.

The volume of repair work secured was only about 65% of the budget figure. The most significant ship repair contract carried out was the replacement of three large diesel generators in the C.C.G.S. "Montcalm".

### ASSOCIATE COMPANIES

#### Vickers Krebs Limited:

This Company had a satisfactory year but because of overcapacity in the fertilizer and bleached pulp industries, faces a depressed market for its services at least in the immediate future.

#### Newfoundland Marine Works Limited:

The shipyard and shops built for the Newfoundland Government at Marystown were officially opened by the Hon. Joseph R. Smallwood on August 28, 1967. The facilities, which are thoroughly modern and include a synchrolift drydocking platform, are operated by Newfoundland Marine Works Limited, a 60% owned subsidiary of Canadian Vickers Limited.

At present approximately 200 people are employed and the operation of an apprentice system begun in 1966 is expected to develop an adequate skilled work force.





# CANADIAN VICKERS, LIMITED

(et ses compagnies filiales)

## ÉTAT CONSOLIDÉ

## DE LA PROVENANCE ET DE L'UTILISATION DES FONDS

pour l'exercice terminé le 30 novembre 1967

(avec chiffres correspondants pour 1966)

PROVENANCE DES FONDS:		
Bénéfice net (perte) de l'exercice	\$ (6,571,106)	1967
Amortissement	1,169,552	
Vente d'éléments d'immobilisations	16,850	
Diminution du déficit dans l'intérêt minoritaire	138,411	
Diminution des autres placements	4,500	
TOTAL	(5,241,793)	1967
UTILISATION DES FONDS:		
Achats d'immobilisations	687,007	
Paiements de dividendes	109,400	
Versements au fonds de pension pour services antérieurs	141,182	
Remboursements de débentures et hypothèques	350,000	
Impôts sur le revenu remboursables	20,691	
Impôts sur le revenu différés	882,167	
PlACEMENT net sur navires en exploitation	—	
TOTAL	\$ 2,190,447	1967
AUGMENTATION (DIMINUTION) DU FONDS DE ROULEMENT		
	\$ (7,432,240)	1967
	\$ 826,180	1966



CANADIAN VICKERS, LIMITED

(et ses compagnies filiales)

ÉTAT CONSOLIDÉ DES

REVENUS ET DÉPENSES

pour l'exercice terminé le 30 novembre 1967

(avec chiffres correspondants pour 1966)

VENTES PRODUITES . . . . .	\$54,162,143	\$76,143,010
BÉNÉFICE D'EXPLOITATION (PERTE) DE L'ANNÉE AVANT DE TENIR COMPTE DES ARTICLES INSCRITS CI-DESSOUS . . . . .	\$(5,709,187)	\$ 3,476,385
Moins:		
Amortissement . . . . .	1,169,552	1,118,907
Rémunération des administrateurs comprenant traitement des membres de la direction qui sont administrateurs . . . . .	174,666	209,150
Intérêt sur débiteurs et hypothèques . . . . .	439,926	410,412
Impôts sur le revenu différés — (Note 3) . . . . .	(882,167)	—
Provision pour impôts sur le revenu . . . . .	61,320	755,000
Intérêt gagné . . . . .	(153,127)	(45,841)
Intérêt minoritaire . . . . .	51,749	99,538
	861,919	2,547,166
BÉNÉFICE NET (PERTE) DE L'EXERCICE . . . . .	\$(6,571,106)	\$ 929,219

ÉTAT CONSOLIDÉ DU SURPLUS GAGNÉ

pour l'exercice terminé le 30 novembre 1967

(avec chiffres correspondants pour 1966)

SOLDE AU DÉBUT DE L'EXERCICE . . . . .	\$10,967,245	\$10,585,026
Plus:		
Bénéfice net (perte) de l'exercice . . . . .	(6,571,106)	929,219
Moins:		
Dividendes de \$0.20 (1966 — \$1.00) par action . . . . .	109,400	547,000
SOLDE À LA FIN DE L'EXERCICE . . . . .	\$ 4,286,739	\$10,967,245

# CONSOLIDÉ

## PASSIF

### EXIGIBILITÉS:

Emprunt de banque couvrant les dépôts sur soumissions . . . . .	\$ 33,720	\$ 250,470
Sommes dues aux banques — garanties . . . . .	9,514,598	2,531,049
Billets à court terme . . . . .	—	3,200,000
Comptes à payer . . . . .	7,434,283	8,090,237
Dividendes à payer . . . . .	—	136,750
Impôts à payer . . . . .	542,105	898,657
Débitures et hypothèques échéant en 1968 — (Note 2) . . . . .	350,000	325,000
Paiements reçus d'avance sur contrats . . . . .	1,425,630	3,388,964
TOTAL DES EXIGIBILITÉS . . . . .	19,300,336	18,821,127

### AUTRES ÉLÉMENTS DU PASSIF ET CRÉANCES:

Débitures garanties, s'éte à 5.75%, échéant le 1er octobre 1981 — (Note 2) . . . . .	5,225,000	5,500,000
Fonds de pension, coût pour services antérieurs, à verser sur une période de 4 ans . . . . .	585,654	726,836
Créances différées — (Note 3) . . . . .	941,213	1,823,380
TOTAL DES AUTRES ÉLÉMENTS DU PASSIF ET CRÉANCES . . . . .	6,751,867	8,050,216
INTÉRÊT MINORITAIRE: . . . . .	(420,409)	(558,820)

### CAPITAL-ACTIONS ET SURPLUS:

Capital-actions — (Note 4): . . . . .	2,695,000	2,695,000
Autorisé — 600,000 actions ordinaires sans valeur nominale	4,286,739	10,967,245
Emis et entièrement libéré — 547,000 actions . . . . .	6,981,739	13,662,245
TOTAL DU CAPITAL-ACTIONS ET DU SURPLUS . . . . .	13,963,478	27,324,490

### Approuvé par le conseil d'administration:

W. BHERER, Administrateur  
J. ERIC HARRINGTON, Administrateur

TOTAL . . . . .	\$32,613,533	\$39,974,768
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- On considère que la provision de \$941,213 est suffisante pour couvrir tout impôt qui pourrait être imposé à la suite de cette opération. L'amortissement accéléré a été réclamé aux fins d'impôts, mais n'a pas été porté aux livres en 1966 et dans les années précédentes. Pour cette raison, un montant de \$882,167 d'impôt sur le revenu a été différé. La Compagnie a l'intention d'inverser cette méthode en soumettant sa déclaration d'impôt sur le revenu de 1967.
- Options d'achat d'actions: Des options expirant en 1969 permettent d'acquérir 3,000 actions du capital-actions de la Compagnie, au prix de \$20.00 l'action.
- L'usine et les cales sèches de Montréal sont situées en majeure partie sur des terrains qui nous sont loués par le Conseil des ports nationaux. Les baux, d'une durée de 40 ans, viendront à expiration le 31 décembre 2003. Le loyer annuel s'élève actuellement à \$217,000, avec clause de révision du loyer tous les cinq ans.
- Les immeubles de la Montreal Ship Repairs Limited sont situés sur un terrain appartenant à l'Administration de la voie maritime de St-Laurent. Le renouvellement de l'un de ces baux est en cours de négociations, mais son montant et sa durée n'auront pas d'incidence notable sur l'ensemble des opérations.

- Poursuites: Deux poursuites ont été intentées, l'une contre la Compagnie, pour une somme de \$521,715, et l'autre contre la Compagnie et le syndicat de ses employés, pour une somme de \$250,000. La direction considère la Compagnie, si toutefois il y en a.
- Modification dans l'évaluation des travaux en cours: La Compagnie avait jusqu'à présent pour habitude de porter en compte les profits et pertes provenant des contrats en cours d'exécution, au prorata de l'état d'avancement de l'exécution de ces contrats. Cette méthode continue d'être employée en ce qui concerne les contrats dont on attend un bénéfice. Par contre, dans les cas où l'on s'attend à des pertes, une provision a été constituée pour la perte anticipée de la comptabilisation, la perte pour l'exercice a été d'environ \$2,578,000 supérieure à ce qu'elle aurait été autrement.
- Restriction à la distribution de dividendes: L'acte de fiducie régissant l'émission de débentures de série A empêche le versement de dividendes tant que le fonds de roulement net consolidé est inférieur à \$3,500,000 et que la valeur nette tangible consolidée est inférieure à \$12,000,000.





CANADIAN VICKERS, LIMITED

(et ses compagnies filiales)

au 30 novembre 1967

ACTIV

DISPONIBILITÉS:

[illegible]

LES NOTES CI-ANNEXÉES FONT PARTIE INTÉGRANTE DE CES ÉTATS FINANCIERS CONSOLIDÉS

## NOTES AUX ÉTATS FINANCIERS CONSOLIDÉS

1. Les éléments d'actif acquis depuis 1941 ont été évalués à leur coût.  
Les éléments d'actif au cours des années précédentes, quelques-uns des éléments n'étant pas représentés par une valeur estimative, mais ces éléments ne représentent pas une part importante des immobilisations.
2. Dévaluations et hypothéques : 5,75% viennent à échéance comme suit, les loyers octobre 1968 et 1969 — \$275,000  
1970 — \$300,000  
1971 — \$325,000  
1972 et 1973 — \$350,000  
1974 — \$375,000
3. Les premières hypothèques à 9% sur navires, échéant le 1er mai 1974 comprises dans les cinq prochaines années. Les navires ne pourront être abandonnés en régie de l'hypothèque avant que dix-huit mois se soient écoulés.

# TABLEAU COMPARATIF

REVENUS:	1967	1966	1965	1964	1963
Avant impôts					
Impôts sur le revenu	\$ (7,391,953)	\$ 1,684,219	\$ 1,950,660	\$ 1,147,066	\$ 335,312
Impôts sur le revenu	( 820,847)	755,000	857,000	456,000	405,385
Bénéfices net (pertes)	(6,571,106)	929,219	1,093,660	691,066	(70,073)
Amortissement à même les revenus	1,169,552	1,118,907	957,814	899,971	541,324
FONDS DE ROULEMENT					
Disponibilités	\$21,716,758	\$28,669,789	\$25,430,638	\$16,671,560	\$16,676,860
Exigibilités	19,300,336	18,821,127	16,408,156	17,773,709	13,202,631
Fonds de roulement net	2,416,422	9,848,662	9,022,482	(1,102,149)	3,474,229
Rapport	1.13 to 1	1.52 to 1	1.55 to 1	.94 to 1	1.26 to 1
CAPITAL-ACTIONS ORDINAIRES					
Actions émises	547,000	547,000	547,000	547,000	547,000
Bénéfices (pertes) par action	\$ (12.01)	1.70	2.00	1.26	(1.13)
Dividendes payés par action	.20	1.00	1.00	1.00	1.00
Valeur comptable d'une action	\$ 12.76	24.98	24.28	23.28	23.02
DIVERS					
Additions aux immobilisations	\$ 687,007	\$ 858,992	\$ 1,083,319	\$ 5,228,935	\$ 1,898,538

## RAPPORT DES VÉRIFICATEURS DELOITTE, PLENDER, HASKINS & SELLS

COMPTABLES AGRÉÉS

MONTREAL OSHAWA TORONTO CALGARY  
WINDSOR WINNIPEG REGINA  
EDMONTON PRINCE GEORGE VANCOUVER  
BUREAUX ASSOCIÉS AUX ÉTATS-UNIS, EN GRANDE-BRETAGNE ET DANS DE NOMBREUX AUTRES PAYS.

Aux actionnaires de  
Canadian Vickers, Limited:

Nous avons examiné le bilan consolidé de Canadian Vickers, Limited et ses compagnies filiales au 30 novembre 1967 et les états consolidés des revenus et dépenses, du surplus gagné et de la provision et de l'utilisation des fonds pour l'exercice terminé à cette date. Notre examen a comporté une revue générale des données comptables ainsi que les sondages des registres comptables et autres preuves à l'appui que nous avons jugé nécessaire de faire dans les circonstances sauf que, nous n'avons pas examiné les états financiers d'une filiale en co-propriété pour laquelle on nous a fourni un rapport émis par d'autres vérificateurs.

A notre avis, ces états financiers consolidés présentent fidèlement la situation financière des compagnies au 30 novembre 1967 ainsi que les résultats de leur exploitation et la provision et l'utilisation de leurs fonds pour l'exercice terminé à cette date, conformément aux principes comptables généralement reconnus, appliqués de la même manière qu'au cours de l'exercice précédent, excepté pour la modification apportée à la méthode d'évaluer les pertes sur contrats en cours telle que décrite à la note 7 aux états financiers.

*Albert DeLoitte, Plender, Haskins & Sells*

Vérificateurs.

Le 12 janvier 1968.



AUX  
ACTIONNAIRES:

Nous vous présentons ci-joint le rapport annuel de votre compagnie et de ses filiales en propriété exclusive ou en copropriété, ainsi que les états financiers et le rapport des vérificateurs.

Les pertes nettes consolidées pour l'exercice terminé le 30 novembre 1967 se sont élevées à \$6,571,106, chiffre à comparer au bénéfice net de \$929,219 réalisé pendant l'exercice 1966. Ces pertes ont, pour la plupart, été encourues dans le domaine de la construction navale.

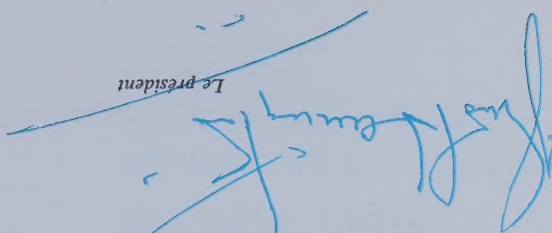
Il est bon de préciser, en ce qui concerne ces pertes, que nous avons adopté une nouvelle méthode comptable par laquelle toutes les pertes prévisibles sont portées en compte dès qu'on en a connaissance, plutôt que d'être comptabilisées progressivement, au fur et à mesure qu'avance l'exécution des contrats. Le chiffre des pertes indiqué ci-dessus comprend donc un montant de \$2,500,000 résultant de la mise en vigueur de la nouvelle méthode de comptabilisation.

La Compagnie a versé un dividende de 25¢ par action le 15 janvier 1967, et le dividende distribué le 15 avril 1967 a été réduit à 20¢. Pour le reste de l'année, les distributions de dividendes ont été suspendues. On ne peut envisager de nouvelles distributions de dividendes avant que notre fonds de roulement net et la valeur nette ne soient revenus à des niveaux satisfaisants.

Au cours du dernier exercice, les exigences ouvrières ont atteint des points extrêmes, tandis que se produisaient des ralentissements dans notre production et qu'une grève désastreuse frappait nos chantiers de Montréal pendant près de neuf semaines. La nouvelle convention mettant fin à la grève a entraîné une hausse de salaires de près de 30%, répartie sur trois ans, dont une hausse de 12% effective en 1967. En conséquence, le coût des matériaux et de la main-d'œuvre s'est élevé bien plus rapidement que nous pouvions raisonnablement le prévoir lorsque nous avons présenté nos soumissions pour la construction de navires de 1964 à 1966. Nous devons donc maintenant, pour l'exécution de nos contrats, payer des prix bien supérieurs à ceux que nous anticipions.

Par suite de la forte réduction de notre fonds de roulement, la Compagnie a subi de grandes gênes de trésorerie, mais nous avons heureusement bénéficié de l'entier appui de l'actionnaire majoritaire de la Compagnie, Vickers Limited, U.K., pour nous aider à résoudre ces difficultés. Plusieurs mesures importantes ont été prises pour améliorer l'exploitation de notre chantier naval, M. A. Sankoff, anciennement vice-président, division fabrication, a été en charge de la direction de la construction navale et de la réparation des navires. Sa connaissance parfaite de tous les aspects de la construction navale nous a permis d'obtenir des améliorations dans nos activités et sa longue expérience dans ce domaine sont devenues une aide précieuse. Par ailleurs, un nouveau directeur du personnel est maintenant chargé de toutes les questions touchant la ligne de conduite de la Compagnie dans les questions de personnel, y compris les négociations et le contrôle des conventions collectives.

Le président



La méthode du cheminement critique, appliquée depuis près d'un an nos services de planification, donne de bons résultats. Des spécialistes ont été appelés à nous conseiller dans la modernisation des méthodes de production et de nos ateliers et dans la mise en oeuvre d'un système de planification perfectionné. La tâche que nous leur avons confiée se termine en juin 1968.

Nous attendons de ces travaux un accroissement de la productivité et les économies qui en découleront, ce qui nous permettra dans l'avenir de bénéficier de nouveaux marchés de construction de navires obtenus à la suite de soumissions compétitives.

Nous donnons actuellement plus d'importance à la recherche et à la mise au point, tandis que nous réalisons des progrès dans le développement d'une gamme de produits. Nous avons en effet acheté des droits d'exploitation de brevets couvrant un procédé de séchage éclair utilisé pour la fabrication des pâtes et papiers, et nous espérons exploiter ce marché avec profit.

D'après les résultats qu'on peut espérer obtenir grâce à une meilleure productivité dans la construction navale et à un carnet de commandes relativement bien rempli, 1968 devrait amener d'appréciables améliorations dans la situation financière de la Compagnie.

Depuis la dernière assemblée générale annuelle, plusieurs changements sont intervenus dans la composition de notre conseil d'administration et de notre direction.

Le 20 mars, M. J. Eric Harrington, M.B.E.C., a été nommé président et chef de l'administration, tandis que M. Wilbrod Bherrer, C.R., était nommé président du conseil d'administration. Notre précédent rapport annuel annonçait que M. R.C. Pease et le major général A.E. Watford, C.B., C.B.E., M.M., E.D., avaient l'intention d'abandonner leur poste au sein de la Compagnie. C'est avec regret que nous avons accepté leur démission.

En juin, M. Gordon H. MacDougall, adjoint au président de Shawinigan Chemicals Limited, a été élu membre de notre conseil d'administration. M. MacDougall apporte à notre conseil une précieuse expérience acquise au cours de nombreuses années passées au service de l'industrie chimique.

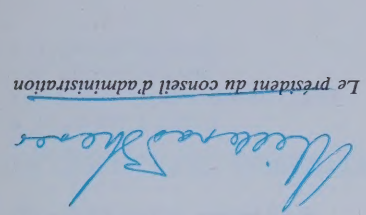
Au cours du dernier exercice, M. J.A.S. Peck a démissionné de ses postes de président de Canadian Vickers Shipyard Limited et d'administrateur de Canadian Vickers Limited.

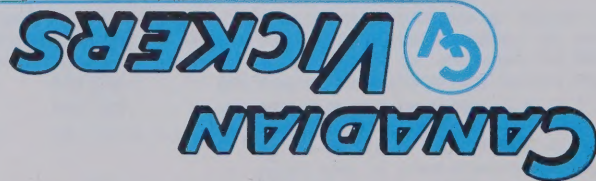
M. A. Sankoff, qui a été nommé vice-président de direction et chef de l'administration de Canadian Vickers Shipyard Limited, a récemment été élu administrateur de Canadian Vickers Limited.

Le conseil d'administration exprime ses plus vifs regrets en évoquant le décès de M. Maurice Paquet, vice-président exécutif de la division Geo. T. Davie, M. Paquet était tenu en haute estime et unanimement respecté dans toute l'industrie de la construction navale. Son expérience, ses conseils et ses capacités administratives feront grandement défaut à la Compagnie.

La fidélité et l'application de notre personnel ont joué un rôle important dans les efforts que nous avons déployés pendant le dernier exercice pour améliorer l'efficacité de notre exploitation. Le conseil d'administration est heureux de remercier tous les employés pour l'aide qu'ils ont apportée à notre entreprise.

Le président du conseil d'administration





LIMITED

## FILIALES EN PROPRIÉTÉ EXCLUSIVE

CANADIAN VICKERS INDUSTRIES LIMITED

CHANTIERS MARITIMES VICKERS DU

CANADA LIMITEE

DIVISION DE MONTRÉAL

DIVISION DE GEO. T. DAVIE

MONTRÉAL SHIP REPAIRS LIMITED

## FILIALES EN CO-PROPRIÉTÉ

VICKERS KREBS LIMITED

NEWFOUNDLAND MARINE WORKS LIMITED

# CANADIAN VICKERS, LIMITED

## CONSEIL D'ADMINISTRATION

## BUREAU DE DIRECTION

\*W. BHERER, C.R., Québec, Qué.

J. M. BREER, Montréal, Qué.

\*F. H. BROWN, C.B.E., Vancouver, C.B.

\*C. L. DEWAR, O.B.E., Montréal, Qué.

P. W. GOOCH, Montréal, Qué.

\*J. ERIC HARRINGTON, Montréal, Qué.

G. H. MACDOUGALL, Montréal, Qué.

\*R. K. MCCONNELL, Toronto, Ont.

HON. JEAN RAYMOND, M.L.C., C.R., Montréal, Qué.

SIR LESLIE ROWAN, K.C.B., C.V.O., Londres, Angleterre.

A. SANKOFF, Montréal, Qué.

\*A. P. WICKENS, Londres, Angleterre.

\*Membre du comité exécutif

## BUREAU DE DIRECTION

CANADIAN VICKERS

INDUSTRIES LIMITED

P. W. GOOCH, Président

T. J. FARRELL, Vice-président—Ventes

J. A. REEKIE, Trésorier

J. H. ROGERS, Secrétaire

CHANTIERS MARITIMES VICKERS  
DU CANADA LIMITEE

## BUREAU DE DIRECTION

A. SANKOFF, Vice-président de direction

K. E. WOOD, Vice-président

J. A. REEKIE, Trésorier

J. H. ROGERS, Secrétaire

JAMES M. PACKHAM, Vice-président—Projets spéciaux  
J. A. REEKIE, C.A.,  
Vice-président—Finances, contrôleur et trésorier

J. H. ROGERS, C.A., Secrétaire

W. BHERER, C.R., Président du Conseil  
J. ERIC HARRINGTON, M.E.L.C., Président et  
chef de l'administration  
L. L. LATREMOULLE, Vice-président -  
Achats et services







Canadian Vickers  
Limited.  
Rapport annuel  
novembre 1967



Free